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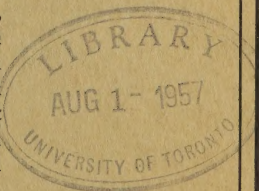
TO THE ADVISORY BOARD ON TARIFF AND TAXATION:

Part I.

Supplemental brief submitted by ALUMINUM COMPANY OF CANADA, LIMITED, in respect of its application for removal from Item 353 of the Customs Tariff of aluminum bars, rods, strips, sheets or plates and the elimination of Tariff Item 353A in respect of aluminum leaf or foil.

Part II.

Brief by ALUMINUM COMPANY OF CANADA, LIMITED, in respect of application by British Aluminium Company, Limited, that aluminum circles less than 30 inches in diameter be removed from Item 354 {British Preference 15%, General Tariff 25%} to Item 353 {Free} and that aluminum alloys n.o.p. be removed from Item 711 {British Preference 15%, General Tariff 17½%} to Item 353 {Free}.



McCarthy & McCarthy
Canada Life Building
King Street West, Toronto

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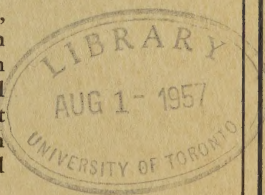
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**To the Advisory Board on Tariff
and Taxation:**

Part I.

1. At the hearing before the Advisory Board on Tariff and Taxation at Ottawa on the 28th day of October, 1927, references were made as to the association of the applicant Company, Aluminum Company of Canada, Limited, with the Aluminum Company of America.

Aluminum Company of Canada, Limited, is not owned or controlled by Aluminum Company of America. It is not a subsidiary company of the Aluminum Company of America. All the capital stock of Aluminum Company of Canada, Limited, is owned by Aluminium Limited, a Canadian Company incorporated under the provisions of our Dominion Companies Act. Aluminium Limited also owns all the capital stock of the distributing companies incorporated in Canada for the marketing of the manufactures of Aluminum Company of Canada, Limited, throughout the world.

All the issued capital stock of Aluminium Limited is in the hands of the public. Therefore all statements made or arguments based on the alleged relationship of the applicant Company with the Aluminum Company of America are erroneous, misleading and without foundation in fact.

2. This application is in respect to a duty on aluminum bars, rods, strips, sheets or plates and leaf or foil, all of which are manufactured in Canada by the applicant Company. These articles are not in any sense raw materials but are finished products. Foil, for instance, is a highly finished product. It is used in the identical form in which it leaves the factory without other fabrication whatsoever and is usually shipped direct to the purchaser.

Aluminum sheet, without further fabrication, is used for table tops, auto tops and in electrical processes. Rods without further fabrication are used in molding, screw machines and the like. As such, all are finished products of one side of the industry. Sheets, rods, bars, plates and strips, as well as foil, are all fabricated in Canada from aluminum ingot made in Canada by Aluminum Company of Canada, Limited.

Aluminum ingot is truly the raw material of the aluminum industry, and is free.

3. The manufacture of sheets by the applicant Company under present conditions is at a loss. The result from the sale of sheet made at Toronto (nearly all of which is sold to Canadian customers) was:

1926	1927	1928 (11 months)
\$12,442	\$21,084	\$30,370

less than the sum of the purchase price of the raw material (Canadian market price) plus cost of fabrication at the sheet mill in Toronto.

4. The manufacture of rod by the applicant Company under present conditions is only carried up to a rough roll stage and is at a loss. The result from the sale of rods made at Shawinigan Falls (nearly all of which is sold to Canadian consumers) was:

1927	1928 (11 months)
\$21,005	\$100,689

less than the sum of the purchase price of the raw material (Canadian market price) plus cost of fabrication at the rod mill in Shawinigan Falls.

It is the intention if the duty sought in respect of rods is imposed, to carry the manufacture at Shawinigan Falls through all stages to the finished rod.

5. The manufacture of leaf or foil under the present conditions is at a loss, but as the manufacture has only recently been commenced appropriate figures are not available.

6. The figures show and the fact remains that the importation of bars, rods, strips, sheets and plates is increasing each year, to the material disadvantage of Canadian workmen and transportation companies, and the point is here stressed as to whether it would not be better for Canada to have her raw materials manufactured in Canada rather than in Germany or elsewhere in the world, and at the same time encourage the foundation of a complete aluminum industry wherein every manufacturing process will be completed in Canada by Canadian workmen and wherein the wages of the whole manufacturing industry will be expended in Canada to the great and lasting benefit of this industry and the Canadian people and the revenue and taxes derived therefrom will be preserved for Canada and Canadian workmen, and for such transportation, power and other companies as are required in the manufacture and marketing of these commodities.

It is here, perhaps, important to point out that in all figures obtainable and quoted in respect of the importation or exportation of bars, rods, strips, sheets or plates, ingots are also included, and that the exports from Canada consist to a very large percentage in the exportation of ingots.

7. The proposal of a reasonable tariff in respect of the articles affected will not necessarily restrain importation or result in the creation of a monopoly as the market price and the lower cost of production in foreign countries is such that the products of these foreign countries can compete, thereby preventing an undue increase in price or the creation of a monopoly, as is evidenced by the following figures:

MARKET PRICES AS AT OCTOBER, 1928

	Ingot	Sheet	Rod	Foil
United States.....	24.3	33	34	71
England.....	20.6	25	28	50
Germany.....	20.6	25	28	50
Canada.....	22.5	29	30	50

COMPARISON—COSTS OF MANUFACTURE

		United States	Canada
No. 117	Tea Kettle.....	\$.96	\$1.49
No. 121	Preserving Kettle....	.25	.34
No. 141	Double Boiler.....	.33	.40
No. 325	Roaster.....	.45	.93

The ratio of cost is as 100 is to 158. The ratio in respect of European countries would show a much larger spread in favor of the European countries.

ANALYSIS OF COSTS OF STEPPING-UP IN CANADA

Pig to Sheet:

Cost of Raw Material.....	22
Fabricating Cost.....	10
Selling Price.....	29

Pig to Rod: (Rough Roll Stage)

Cost of Raw Material.....	22
Fabricating Cost.....	1.1
Selling Price.....	20.6

ANALYSIS OF EXPORTS AND IMPORTS

	<i>Ingots, Blocks, Bars, Sheets, etc.</i>		<i>Leaf and Foil</i>	
	Imports	Exports	Imports	Exports
1925.....	\$171,000	\$5,135,000	\$144,000	Nil
1926.....	\$225,000	\$6,006,000	\$201,000	Nil
1927.....	\$293,000	\$5,347,000	\$196,000	Nil

An analysis of these figures will show:

- (1) That the exports consist largely of ingots;
- (2) That the importation of ingots has decreased;
- (3) That the importation of bars, rods, strips, sheets and plates has considerably increased.

The German industry in respect to aluminum foil, which is now rapidly developing a market, is illuminating. Price cutting and increased production are particularly marked in this branch of the industry.

The price of the standard foil in Germany with the respective grade of purity and a thickness of .009 mm. per kileg was in:

March, 1926.....	R.M.	6.10
January, 1927.....	"	5.10
February, 1927.....	"	5.05
April, 1927.....	"	4.90
September, 1927.....	"	4.60
May, 1928.....	"	4.35

With their cheaper costs, Germany, and in fact other European countries, are able to lay down in Canada aluminum foil at a price that the industry in Canada cannot meet and make a reasonable profit.

Imports of foil from Germany have increased from \$42,399 in 1926 to \$81,888 in 1927 and to \$76,652 *during the first three months of 1928.*

The situation in the United States during *the first six months of 1927* is that imports of aluminum foil into the United States of America, notwithstanding the Fordney tariff, had reached a total of 365,390 pounds, of which 316,692 pounds came from Germany. The total imports into the United States of America of aluminum foil for 1927 amounted to approximately 1,000,000 pounds. The total imports into the United States in the year 1923 was 15,756 pounds. These increased imports came into the United States over a tariff impost of 35% ad valorem.

9. In view of the ~~grouping~~ importance of the aluminum industry and the capital invested therein it is suggested that all tariff items in reference to aluminum products be grouped together. To this end Item 428 should be amended by eliminating therefrom the reference to aluminum kitchen and household hollow-ware, and if this application is sanctioned, Item 353 be amended to read:

Tariff Item No.		British Preferential Tariff	Inter- mediate Tariff	General Tariff	France and Italy
353	Aluminum in ingots or blocks	Free	Free	Free	
353A	Aluminum Tubing in lengths of not less than 6 feet, not bent or pol- ished or otherwise manufactured . .	Free	Free	Free	
353B	(1) Aluminum in rods and bars. . .) (2) Aluminum in sheets, strips or plates)	15%	22½%	25%	22½% Less 10%
353C	Aluminum Leaf or Foil	15%	22½%	25%	22½% Less 10%
353D	Aluminum Wire, Ropes and Cables .	17½%	22½%	25%	
353E	Aluminum Kitchen or Household Hollow-ware	20%	27½%	30%	27½% Less 10%
354	Manufactures of Aluminum, n.o.p. . .	15%	22½%	25%	22½% Less 10%

Part II.

Brief by Aluminum Company of Canada, Limited, in respect of application by British Aluminum Company, Limited, that aluminum circles less than 30 inches in diameter be removed from Item 354 (British Preference 15%, General Tariff 25%) to Item 353 (Free) and that aluminum alloys n.o.p. be removed from Item 711 (British Preference 15%, General Tariff 17½%) to Item 353 (Free).

1. The Aluminum Company of Canada, Limited, desires to oppose this application by the British Aluminium Company, Limited, to have aluminum circles less than 30 inches in diameter and aluminum alloys admitted free of duty under Item 353 of the Canadian Customs Tariff and requests that no change be made in the duty on these two articles now admitted under Items 354 and 711 respectively of the Canadian Customs Tariff.

2. The answer, in short, to this application is, it is submitted, that aluminum circles less than 30 inches in diameter and aluminum alloys are both at present rightly classified. Both are produced in Canada by the Aluminum Company of Canada, Limited, from aluminum ingots made in Canada by this Company and by Canadian labour in such quantities as the market will absorb and sold

at competitive prices without prejudice to any users. If competition is necessary or desirable let it be between Canadian producers of circles or alloys.

3. The point is again stressed that it is the Canadian producer that should within reason be considered and not the foreign producer. Is it not more advantageous to Canada to get the full benefit of this manufacturing in Canada, or should the German, French, Italian, English or American manufacturers of these same articles be permitted to compete in the Canadian market with the Canadian producer free from any customs duties?

4. Comparison in the costs of production in Canada with the costs in Britain and other European countries will show a much higher ratio in Canada than in any of these countries. Before an existing duty is removed it is submitted that it should be shown beyond peradventure that a Canadian producer would not thereby be prejudiced by reason of his higher costs of production.

5. The present tariff is not unfair or excessive nor is an undue profit made by the Canadian producer by reason of the existence of this tariff.

6. It is in the best interest of Canada, Canadian workmen, power and transportation companies that these phases of the industry should be preserved for Canada and only when the burden of an increased price out-weighs the benefit of production should Canada contemplate making such changes as are suggested.

7. The Aluminum Company of Canada, Limited, therefore respectfully submits that no case has been made or can be made by the British Aluminium Company, Limited, to justify the change requested.

McCARTHY & McCARTHY
for
ALUMINUM COMPANY OF CANADA,
LIMITED.

TORONTO, January 10th, 1929.

